GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:287
ANSWERED ON:12.08.2005
RE- INVESTMENT OF PROFIT EARNED BY FOREIGN BANKS COMPANIES
Chakraborty Shri Ajay

Will the Minister of FINANCE be pleased to state:

(a) whether a large amount of profit earned in India is being transferred outside the country every year by foreign banks and companies following economic liberalisation;

(b) if so, the details of such amount transferred during the last three years both sector-wise and bank/company-wise;

(c) whether the Government has formulated any policy whereby a portion of such profit is reinvested in the country to strengthen the country`s economy; and

(d) if so, the details of the policy in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.287 FOR 12TH AUGUST 2005 REGARDING RE-INVESTMENT OF PROFIT EARNED BY FOREIGN BANKS/ COMPANIES TABLED BY SHRI AJOY CHAKRABORTY

(a) & (b) : The details of remittances of profits by foreign banks to their Head Offices during the last three years are at Annex. The desired information i.e. sector- wise and company-wise is not being maintained by the Department of Company Affairs.

(c) & (d) : Section 11 (2) (b)
(ii) of Banking Regulation Act, 1949 itself provides that foreign banks have to keep 20% of their net profit for the year in respect of all business transacted through their branches with Reserve Bank of India either in cash or in the form of unencumbered approved securities or partly in cash and partly in the form of such securities.